



# Rule Up For Adoption

Proposed Amendments to

**WAC 230-20-059**

Minimum cash flow requirements for bingo games--Contributions to stated purpose -- Sanctions.

**ITEM 11 (a) on the March 12, 2004, Commission Meeting Agenda.**

**Statutory Authority 9.46.070**

## Who proposed the rule change?

Staff, at the request of the Commission.

## Why is this rule change needed?

At the May 2003, meeting, the Commission adopted an amendment to remove the petition and variance process from this rule. At that time, the Commission also requested staff to explore other possible rules, which would provide relief for bingo operators that fail to meet adjusted cash flow requirements. Initially, staff looked at the following two options: **Relief Option I** to allow a 25% reduction to the minimum adjusted cash flow requirement; and **Relief Option II** to allow one quarter to be dropped from the adjusted cash flow computation. Both Options would be available to licensees once every five years, if they maintained a positive cash flow.

Letters were sent to all bingo licensees that would be affected by the process asking which alternative they preferred. Both alternatives were discussed at the August and September Study Sessions, and with several licensees one-on-one. A majority of comments received from the industry was that the five-year period between asking for relief is too long. A few licensees requested that both alternatives be available.

A third option was drafted by staff and discussed at the October Study Session. **Relief Option III** changes the measurement period from once a quarter, to once a year and provides a 25% reduction to the required adjusted cash flow once every four years. This option simplifies adjusted cash flow measurements for licensees and staff because the relief benefit does not need to be adjusted quarterly. At the request of the industry, the 5-year waiting period was reduced to 4 years.

Example of how the rule would work: If a licensee is out of compliance for the year 2003, the director would automatically grant relief for the year 2003, if the licensee was within 25% of the requirements. The licensee would not qualify for relief again until they have been in compliance for four years (2004, 2005, 2006, 2007). If the licensee is out of compliance for the calendar year 2008, the director would grant relief for the year 2008. The licensee would be required to be in compliance for **four** years, prior to qualifying for relief again.

### Attachment:

- 1) Bingo Graphs: Licenses by year, Attendance and Count history.
- 2) Notification letter dated July 17, 2003, from Special Agent Brian Lane to bingo operators.

## Statements against the proposed rule change.

None at this time.

## Which licensees will be directly impacted?

Bingo operators.

## What are the potential impacts to the agency?

Minimal.

## Staff recommendation.

Adoption.

## Proposed effective date.

April 12, 2004, assuming the rule is adopted at the March 12, 2004, Commission meeting to become effective 31 days after filing. Licensees that are out of compliance for the calendar year 2003 may request relief for the year 2003. This would occur after the 4<sup>th</sup> quarter 2003 Activity Report is submitted and staff determine the licensee did not meet the adjusted cash flow requirements. At that time, a letter would be sent to the licensee to let them know relief is available for the year 2003.